

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6366

BILL NUMBER: HB 1732

DATE PREPARED: Dec 2, 2000

BILL AMENDED:

SUBJECT: Allocation of National Forest Revenues.

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FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allocates money received from the United States government under a payment law to the schools located in a county containing federally owned land that generates revenue shared with the state. It requires the school corporation to deposit the money into the school corporation's general fund.

Effective Date: Upon passage; July 1, 2001.

Explanation of State Expenditures: See Explanation of Local Revenues, below.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Certain school corporations in nine counties are estimated to receive an additional \$27,000 as a result of this bill.

Background: Under current federal law (16 U.S.C. 500), monies from United States National Forest receipts are paid to Indiana counties with national forests under 16 U.S.C. 500 (Twenty-Five Percent Fund) by the State Auditor.

Also under current federal law (31 U.S.C. 6903(a)(1)) counties receiving monies from the Bureau of Land Management, via payment in lieu of taxes (PILOT), experience a net reduction in PILOT payments proportional to the amount of monies received from the Twenty-Five Percent Fund. Monies from PILOT payments can be used for the following: 1) fire and police protection; 2) hospital support; 3) public school and road construction; and 4) search and rescue operations.

This bill would require that the State Auditor allocate Twenty-Five Percent Fund monies directly to eligible school corporations effective January 1, 2002, and would require the auditor to notify county treasurers of the passage of this bill.

This bill also requires the Attorney General to notify the Bureau of Land Management that deductions from PILOT payments should continue only until December 31, 2001. Consequently, counties should not experience a loss of revenue since Twenty-Five Percent Fund monies will no longer be deducted from PILOT payments.

The Auditor and the Attorney General could experience a minimal cost associated with the reporting requirements of this bill.

In FFY 1999, \$27,553 in Fund monies were allocated to the Auditor for distribution to the following counties: 1) Brown; 2) Crawford; 3) Dubois; 4) Jackson; 5) Lawrence; 6) Martin; 7) Monroe; 8) Orange; and 9) Perry. Assuming that National Forest Service revenues remain constant, school corporations within these nine counties could receive a total of approximately \$27,000 from the Fund in CY 2002.

If, as a result of this bill, Fund monies are no longer deducted from PILOT payments, school corporations should experience a net increase in federal monies.

State Agencies Affected: Auditor and Attorney General.

Local Agencies Affected: Counties and School Corporations.

Information Sources: U.S. Department of Agriculture's Forest Service.